

May 16, 2006

May Sixteenth

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The second regular May Meeting of Council was held on the above date at 7:00 p.m. in the Council Chambers located on the Fourth Floor of the Municipal Building. The following Council Members were present: Ruby B. Archie, P. A. "Pete" Castiglione, Jr., E. Stokes Daniels, Jr., Mayor John C. Hamlin, T. David Luther, T. Wayne Oakes, Sherman M. Saunders, H. Phillip Smith, and Vice-Mayor R. Wayne Williams, Jr. (9).

Council Member-elect Adam J. Tomer was also present.

Staff Members present were: City Manager Jerry L. Gwaltney, Deputy City Manager M. Lyle Lacy, III, City Attorney W. Clarke Whitfield, Jr., and City Clerk/Clerk of the Council Annette Y. Crane, CMC.

Other Staff members present were Finance Director Barbara Dameron, Community Development Director Jerry Fischer, Key Accounts Manager Kevin Martin, Utilities Fiscal Services Supervisor Denise Sandlin, Budget Director Cynthia Thomasson, and Emergency Services Director Doug Young.

Mayor Hamlin presided.

INVOCATION AND PLEDGE OF ALLEGIANCE

Council Member Phillip Smith offered the Invocation. The Pledge of Allegiance to the Flag followed.

ANNOUNCEMENTS AND SPECIAL RECOGNITION

Mayor Hamlin recognized Malcom Huckabee, who formerly served on the Southern Area on Agency, Inc. Dr. Huckabee was in attendance to inform Council Members of services offered by the Agency. The Southern Area covers the Cities of Danville and Martinsville and the Counties of Henry, Pittsylvania, Franklin, and Patrick, and serves adults from the age of sixty (60). Such services as meals on wheels, congregate meals, transportation, assistance in homes medically or with chores, and repairs to homes are offered by the program. Dr. Huckabee noted that a checking service is also available to look in on senior citizens in their homes daily to see if they were doing all right. Another service offered assists seniors with making decisions relating to the new Medicare Prescription Act.

Dr. Huckabee further reported that during the last fiscal year, 27,325 meals were delivered to 164 individuals in Danville. He advised that during the last meeting he had attended, there were 26 Danville seniors on the waiting list for participation in this part of the program. The waiting list for meals was necessary

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because there was not enough money to provide meals to everyone who wanted them. Dr. Huckabee reported that at the last meeting he attended, it was reported that a total of 892 people from the localities served were on a waiting list.

Dr. Huckabee concluded with stating the Southern Area was blessed with a wonderful agency for seniors and thanked Council for the honor of serving on the board.

Mayor Hamlin thanked Dr. Huckabee for his service to Council and the citizens of Danville.

Mayor Hamlin announced that Items B. 2 and C. 2 under New Business were for First Reading and not final adoption, as implied on the agenda.

MINUTES

Upon Motion by Council Member Daniels and second by Council Member Castiglione, Minutes of the May 4, 2006 Council Meeting were approved as presented. Draft copies had been distributed to Council Members prior to the Meeting.

HEARING - FY 2005-2006 BUDGET ADOPTION - UNARCO INCENTIVE PACKAGE

Mayor Hamlin opened the floor for a Public Hearing to consider an amendment to the Fiscal Year 2005-2006 Budget Appropriation Ordinance. Notice of the Public Hearing had been duly published in the Danville Register and Bee on May 9, 2006. No one present desired to be heard and the Public Hearing was closed.

Upon Motion by Council Member Castiglione and second by Council Member Saunders, Ordinance No. 2006-05.07 presented by its First Reading on May 4, 2006 amending the Fiscal Year 2005-2006 Budget Appropriation Ordinance by increasing revenues from the Tobacco Region Opportunity Fund and the Governor's Opportunity Fund for the Unarco Incentive Package for a total appropriation in the amount of \$600,000 and appropriating the same was adopted by the following vote:

VOTE: 9-0
AYE: Archie, Castiglione, Daniels, Hamlin, Luther, Oakes,
Saunders, Smith, and Williams (9)
NAY: (0).

PRESENTATION - FISCAL YEAR 2006-2007 SCHOOL BUDGET

Mayor Hamlin recognized Superintendent of Danville City Schools Sue Davis. Dr. Davis was present to review the Fiscal Year 2006-2007 School Budget for Council Members and the public. She thanked City Council for its ongoing support, both financially and spiritually. She thanked the administration for absorbing the school's debt service for the year, which gives the school system more flexibility in its budget.

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Dr. Davis said budget development for the upcoming fiscal year had been an interesting process because there had been focus on each and every dollar spent with the idea of looking at how money spent effects the students and ultimately their achievements. Each department was asked to review its programs, goals, and strategies to determine a measured output of where it was making a difference. The budget development was based upon the school's master plan and strategies that had been presented to Council Members in past years. Dr. Davis advised those strategies were currently being put in place in order to direct a course for the future. She stated the long-term strategic plan was to build capacity in the school division to deliver rigorous, high-paced instruction by highly professional educators. Inherent in the systemic improvement is the division's capacity to fund such efforts.

The FY 2006-2007 budget takes into consideration expenses over which the division has no control, such as state mandates and 25% increases in utilities and insurance rates. Dr. Davis said the newest initiative was salary adjustments for certain classified personnel and the teaching staff to align them with Virginia state averages. She advised the School Board allowed the staff to conduct a compensation study within the last year. The investment was well worth the funding because it rewards the community with outstanding school faculties.

Dr. Davis said the consolidation of some school functions would help keep cost as low as possible. During the coming year, streamlining of services would continue in order to make Danville's school division more efficiently operative.

In response to Council Member Daniels, Dr. Davis replied school salaries met the state average in the beginning salary, which will be in excess of \$33,000. She advised the state average was exceeded in the top of the scale for teachers with 30 years of service and the mid-range salary was 2 to 3 percentage points below the state average. Dr. Davis further advised that teachers were recruited from all over the United States for Danville Public Schools. She stated the City must be competitive in order to attract good teachers to the area.

Mayor Hamlin advised the School Budget would be approved at the first Council Meeting in June if the General Assembly comes forth with a budget.

HEARING - INCREASE LOCAL PREPARED MEALS TAX TO 5%

Mayor Hamlin opened the floor for a Public Hearing to consider increasing the Prepared Meals Tax from 4½% to 5%. Notice of the Public Hearing had been duly published in the Danville Register and Bee on April 16 and 23, 2006.

Rev. Cecil Bridgeforth, an Edmonds Street resident, appeared to speak in opposition to the tax increase. He specifically referred

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to families with several children who liked to eat out together on Sundays after church. Rev. Bridgeforth said the tax increase would be a hardship on those families and on seniors with fixed incomes. He asked Council to seek revenues from other sources.

In response to Rev. Bridgeforth, Mayor Hamlin stated it was felt an increase in the prepared food tax would be the least intrusive on citizens overall.

No one further desired to be heard and the Public Hearing was closed.

Upon Motion by Council Member Archie and second by Council Member Oakes, an Ordinance entitled:

ORDINANCE NO. 2006-05.08

AN ORDINANCE AMENDING AND REORDAINING SECTION 37-141 OF THE DANVILLE CITY CODE TO INCREASE THE TAX ON MEALS SERVED IN RESTAURANTS OR BY CATERERS FROM FOUR AND ONE-HALF (4½) PERCENT TO FIVE (5) PERCENT EFFECTIVE JULY 1, 2006

was presented by its First Reading, as required by City Charter, to lie over before final adoption.

HEARING - AFFIRM REAL ESTATE TAX RATE OF SEVENTY-SEVEN CENTS

Mayor Hamlin opened the floor for a Public Hearing to consider affirming the Real Estate Tax Rate of Seventy-seven cents (\$0.77) on every one hundred dollars (\$100) of assessed value. Notice of the Public Hearing had been duly published in the Danville Register and Bee on April 16, 2006.

Rev. Cecil Bridgeforth asked Council if the tax rate could be increased to 78 or 79 cents. He felt an increase here would be better than increasing the food tax since citizens who owned the more expensive homes could better afford the increase, while those with lower incomes and less expensive housing would not be as effected by the increase.

Council Member Daniels said City employees could help to alleviate the problem of raising taxes. Mr. Daniels suggested that monetary incentives be offered to employees who came up with workable ideas to save the City money.

Rev. Bridgeforth asked for clarification as to why the real estate tax rate was called an increase if the rate was the same as last year.

City Manager Gwaltney explained that State law required the rate to be called an increase if the assessed value of real property in a locality goes up 1% or more during an assessment year, which is what occurred in Danville.

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Council Member Luther explained the assessed value of real property in Danville increased and although the tax rate remained at \$0.77, the average tax for some citizens would increase 5½% because the value of their property increased that much.

No one further desired to be heard and the Public Hearing was closed.

Council Member Castiglione said there was an advantage to an increase in assessed value, most especially when the owner decided to sell his/her home.

In response to Council Member Oakes, City Manager Gwaltney stated that the value of some homes would increase and some would decrease, which would determine the amount of taxes to be paid.

Council Member Smith stated there was a core in the City where the houses on properties were being underused and not as valuable as they should be. Mr. Smith said he was speaking of the City not taking responsibility for dilapidated housing. Mr. Smith said there were two things at work here; one was who is paying the property tax. He said property tax was the main source of income for the City. Mr. Smith wondered if the City had been set up to maximize the amount of taxes that could be received from every lot, every piece of ground, and every structure in the City. He asked if there were courses of action the locality could take to increase the value of the property of the City in order to have more revenues from real estate taxes to spend for better services. Mr. Smith stated he felt more needed to be done about dilapidated housing and vacant lots in order to make those grounds produce more revenue for the City's coffers.

Upon Motion by Council Member Castiglione and second by Vice-Mayor Williams, a Resolution entitled:

RESOLUTION NO. 2006-05.04

A RESOLUTION AFFIRMING THE REAL ESTATE TAX RATE OF \$0.77 ON EVERY ONE HUNDRED DOLLARS (\$100.00) OF ASSESSED VALUE

was presented by its First Reading, as required by City Charter, to lie over before final adoption.

Vice-Mayor Williams said he felt it was important to remember that a significant amount of tax revenues were received from commercial and industrial entities in the City.

HYDROMATRIX DEVELOPMENT SUBSCRIPTION/COST SHARING AGREEMENT

Council Member Archie moved adoption of a Resolution entitled:

RESOLUTION NO. 2006-05.05

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A RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A HYDROMATRIX DEVELOPMENTAL SUBSCRIPTION AND COST SHARING AGREEMENT BY THE CITY OF DANVILLE, VIRGINIA, WITH AMERICAN MUNICIPAL POWER-OHIO, INC.

Vice-Mayor Williams seconded the Motion.

Mayor Hamlin requested City Manager Gwaltney to provide some background for citizens on the cost sharing agreement with AMP-Ohio, Inc.

Mr. Gwaltney advised the Council had authorized the City to join AMP-Ohio, Inc. in February to avail itself of opportunities to acquire wholesale electric power supplies and buy into power generation facilities. AMP-Ohio is now soliciting member participation in two hydroelectric generation facilities to be installed in existing dams on the Ohio River that would generate 115 megawatts of electric. Mr. Gwaltney continued that Danville would purchase up to 22.1 megawatts. The City's Pinnacles Hydroelectric Plant has an output of 11 megawatts. AMP-Ohio intends to use dependable "Hydromatrix" generators installed directly in the existing dam spillways, which would greatly reduce initial capital costs. Total capital costs of the project are estimated to be approximately \$230 Million.

Mr. Gwaltney advised that if constructed, the facilities would be owned by participating members or by AMP-Ohio on behalf of the participating members and would be put into service in 2009. The \$1 Million cost for investigation and predevelopment activities would be split among the members of AMP-Ohio that chose to participate.

Blue Ridge Power Agency Executive Director Duane Dahlquist explained the Agency along with its consultants, GDS Associates, had analyzed the AMP-Ohio Hydromatrix project on behalf of members interested in securing equity shares in the facilities and their assessment was that the project appears to provide a sound economic opportunity for members interested in building a diversified portfolio of their own power generation sources.

City Manager Gwaltney stated the Council, the City administration, and the Danville Utility Commission had worked very hard to come to this point and felt this was a good plan for the City to control its destiny.

Following brief remarks by Danville Utility Commission Chairman Bill Donahue, the Resolution was adopted by the following vote:

VOTE: 9-0
AYE: Archie, Castiglione, Daniels, Hamlin, Luther, Oakes,
Saunders, Smith, and Williams (9)
NAY: (0).

APPOINT REPRESENTATIVES TO WPPDC MITIGATION ADVISORY COMMITTEE

Council Member Daniels moved adoption of a Resolution entitled:

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RESOLUTION NO. 2006-05.06

A RESOLUTION APPOINTING REPRESENTATIVES TO THE NATURAL HAZARDS MITIGATION ADVISORY COMMITTEE FOR THE WEST PIEDMONT REGION.

The Motion was seconded by Council Member Saunders and carried by following vote:

VOTE: 9-0
AYE: Archie, Castiglione, Daniels, Hamlin, Luther, Oakes,
Saunders, Smith, and Williams (9)
NAY: (0).

WPPDC MULTI-JURISDICTIONAL HAZARD MITIGATION PLAN

Vice-Mayor Williams moved adoption of a Resolution entitled:

RESOLUTION NO. 2006-05.07

A RESOLUTION ADOPTING THE WEST PIEDMONT MULTI-JURISDICTIONAL HAZARD MITIGATION PLAN.

The Motion was seconded by Council Member Castiglione and carried by the following vote:

VOTE: 9-0
AYE: Archie, Castiglione, Daniels, Hamlin, Luther, Oakes,
Saunders, Smith, and Williams (9)
NAY: (0).

VIRGINIA TOBACCO INDEMNIFICATION & COMMUNITY REVITALIZATION GRANT

Council Member Castiglione moved adoption of a Resolution entitled:

RESOLUTION NO. 2006-05.08

A RESOLUTION AUTHORIZING THE CITY MANAGER TO SUBMIT AN APPLICATION TO THE VIRGINIA TOBACCO INDEMNIFICATION AND COMMUNITY REVITALIZATION COMMISSION FOR AN AWARD UNDER THEIR ECONOMIC DEVELOPMENT GRANT PROGRAM.

The Motion was seconded by Council Member Luther and carried by the following vote:

VOTE: 9-0
AYE: Archie, Castiglione, Daniels, Hamlin, Luther, Oakes,
Saunders, Smith, and Williams (9)
NAY: (0).

COMMUNICATIONS

There were no communications from the City Manager, Deputy City Manager, City Attorney, and City Clerk.

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ROLL CALL

Council Member Castiglione reported that Danville Community College (DCC) held its commencement last Friday evening with 470 graduates, the largest in DCC history.

Council Member Smith reiterated that residents of Jenny Lane, specifically, Donald Mahan has requested that Adelphia supply Cablevision services to the area.

Vice-Mayor Williams reminded everyone of the Car and Air Show activities coming up the first weekend in June.

The Meeting adjourned at 8:22 P.M.

MAYOR

CLERK